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RESULTS

OF

FIVE YEARS GRIT-ROUGE RULE

IN CANADA.

The Public Expenditure and the Public Debt.

Now that the elections are coming on, by the close of the third Parliament of the Dominion, it is proper to take stock of the result of five years of Grit-Rouge rule in the Dominion. Mr. Mackenzie came into office with loud professions on his lips. When the elections of January, 1874, occurred, the people gave him a larger majority than has ever been before accorded to any Government in Canada. They believed the twenty years of professions of the party led by Mr. Mackenzie, and they resolved to give them a trial of five years. They have had that trial. It is true that almost every election that has occurred since has shown a decreasing confidence in the Government; but they always had a majority large enough and compact enough to enable them to do whatever they thought to be for the interests of the country. With such a majority there could be no excuse for not carrying out in office the promises made in opposition. Have these promises been

carried out? That is the important question for the electors, now that they are called upon to pronounce judgment upon the record of the last five years. And that is the question which in these political tracts it is designed to answer.

First as to the financial question. Upon no subject were the Grits and Rouges more pronounced in their statements. The late Government were, according to them, grossly extravagant. There was abundant room for reductions in the public expenditure. Mr. Mackenzie, in a speech delivered at London on the 25th October, 1870, said:—

“When the Government was first formed in 1867-8, the offices were filled with a great army of employees, but notwithstanding the entire expenses of Civil Government, including the Governor-General's salary and those of the Lieut.-Governors were \$594,445 82. What was it now? The very same items now reached \$661,675.82—an increase of nearly \$70,000 in two years, in consequence, as he firmly believed, of the naturally bad system of Government that existed under a coalition.”

* At St. Catherines, on the 15th of November of the same year (*Globe* of the 16th) he said:—

"Why the Ministry were packing the public buildings from attic to cellar—two or three in every room—till one could hardly find his way through them. The last time he was at Ottawa he found four men at the door waiting for the little man's bests inside."

The Rouges, in 1872, when they went through the form of reorganizing under the name of the *partinational*, laid down the following as among the principles which were to be carried into effect by their party as soon as it succeeded in getting office:—

3. Reduction of the number of Ministers.

4. Diminution of the Governor-General's salary.

5. Reduction of the number of public employees to what is strictly required for the efficient performance of the public service.

How have these promises been fulfilled? The number of Ministers has not been reduced. On the contrary when, during last session, Mr. Laflamme introduced a bill to abolish the office of Receiver-General, as useless, instead of attempting to carry out the promises of his party, and saving the expense of this useless Minister, a new office, that of Attorney-General, was created. The salary of the Governor-General has not been diminished, and thus the conduct of the Conservatives in resisting the decrease in the salary of the Queen's representative, has been vindicated. And the following figures, in relation to the costs of the civil service, will show that, if Mr. Mackenzie was right in his statement that the expenses were too high, that the Administration was extravagant, he is highly culpable for not having reduced them:—

1872-3	\$750,900
1873-4	883,685
1874-5	909,300
1875-6	842,000
1876-7	812,200

The Ministerialists are in the habit of pointing to the year 1873-4 as compared with the last for which we have any public accounts, as a proof that substantial reductions have been made in the cost of Civil Government under this Government. It is worth while giving in detail the expenditures, under the head of civil gov-

ernment for these last two years as follows, premising that the expenditure for two-thirds of the first year was by Mr. Mackenzie and his colleagues, and that in the following year they largely increased it:—

CIVIL GOVERNMENT.

	1873-4.	1876-7.
Governor-General	\$48,666	\$48,666
Lt.-Gov. Ontario	10,000	10,000
" Quebec	10,000	9,973
" Nova Scotia	8,903	9,000
" N. Brunswick	9,000	9,000
" Manitoba	9,000	9,000
" B. Columbia	9,000	9,000
" P.E. Island	6,814	6,999
" N. W. Territory	1,000	5,403
" Keewatin .....	....	734

DEPARTMENTAL SALARIES.

Governor-General's Secretary's Department ..	10,079	10,092
Privy Council	16,011	21,444
Department of Justice ..	19,181	18,724
" Penitentiaries Branch .....	....	2,877
Militia and Defence	42,776	42,192
Secretary of State	33,660	38,336
Department of the Interior	42,556	47,186
Receiver-General	28,131	26,452
Inland Revenue	28,773	30,777
Minister of Finance	54,139	53,412
Treasury Board	3,458	3,300
Department of Customs ..	35,358	34,320
Department of Public Works	56,336	55,150
Post Office Department ..	82,991	88,239
Dept. of Agriculture	35,916	32,123
" Marine & Fisheries ..	30,087	32,304
Quebec	4,188	....
Nova Scotia	2,915	....
New Brunswick	4,928	....
British Columbia	2,140	....
Agencies—Public Works ..	2,530	....
" Dominion Lands office, Manitoba	10,583	....
Total contingencies	222,803	157,479
Total Civil Government ..	660,852	654,712
	\$883,685	\$812,191

There is an apparent decrease in the cost of civil government between 1873-4 and 1876-7 of \$6,170. But it will be seen that this has been more than made up by the omission from the accounts of the

Marine and Fisheries Department of outside agencies, and the Dominion Lands office in Manitoba, amounting in all to \$27,284; so that, deducting this from the amount of 1873-4, it will be seen that with all their efforts to present a good appearance in the last Public Accounts before the general elections, the cost of the service, which Mr. Mackenzie denounced as excessive, is \$21,114 in excess of the last year for which the late Government prepared the estimates, though the expenditures of these estimates were for eight months of that year in the hands of Mr. Mackenzie and his colleagues. The increase is in the matter of contingencies. That, however, the late Government cannot be held responsible for, seeing that they were in office for only four months of the twelve in which those contingent expenditures were made. The expenditure under this head was \$222,803, while the estimate of Mr. Tilley was only \$150,000; so that Mr. Mackenzie spent \$72,803 more on contingencies than Mr. Tilley asked for or Parliament had voted: and having done that, he attempts to make the late Government responsible for the expenditure. In order to show that this same method was adopted in connection with other expenditures on the Civil Government, it is only necessary to compare the sums voted by Parliament, as appears by the supply bill, under the guidance of the late Government, and the sums expended by the present Government, as appears by the Public Accounts:—

	Voted.	Expend.
Governor-General's Secretary's Office.....	\$ 5,982	10,079
Privy Council.....	11,650	12,869
Dept. of Justice.....	9,550	12,415
“ Militia and Defence	30,480	35,776
“ Secretary of State..	27,727	26,660
“ for the Provinces...	16,920	35,556
“ Receiver-General...	17,247	21,131
“ Finance.....	45,460	47,139
“ Customs.....	24,835	28,359
“ Inland Revenue...	19,775	21,772
“ Public Works.....	41,360	48,686
Post-office Department..	66,410	75,991
Dept. Agriculture.....	30,630	28,916
“ Marine & Fisheries.	20,015	23,087

Treasury Board.....	3,150	3,458
Marine and Fisheries Agencies.....	15,200	14,173
Dominion Lands Office...	4,800	10,583
Public Works, B. C.....	4,000	2,530
Contingencies.....	150,000	222,803
Stationery.....	15,000	....
Possible increases.....	10,000	....

\$570,192 \$683,104

It will thus be seen that in the matter of civil service alone, excluding the salaries of the Governor-General, the Lieutenant-Governors and the Ministers, which are fixed by statute, and are not subject to an annual vote, Mr. Mackenzie's Government spent in the year 1873-4 the large sum of \$112,912 more than Mr. Tilley asked or than Parliament voted. In order, therefore, to fairly apportion the responsibility for the expenditures, under the head of civil government, if Mr. Mackenzie insists upon making the late Government responsible for 1873-4, on the ground that they brought in the estimates, this sum must be deducted from the expenditure, and the following will be the table:—

1872-3	\$750,900
1873-4.....	770,773
1874-5.....	909,300
1875-6.....	842,000
1876-7.....	812,200

Taking the general statement of revenue and expenditure since this Government came in, including the estimates for the current year, we have the following:

	Expenditure.	Revenue.
1873-4.....	\$23,316,316	\$24,205,092
1-74-5.....	23,713,071	24,648,715
1875-6.....	24,488,372	22,587,587
1876-7.....	23,519,301	22,059,274
1877-8.....	24,227,000	23,500,000
	\$119,263,400	\$117,000,000

The figures for this year are the estimates; and as the estimate of receipts was \$600,000 in excess of the actual receipts on the 10th February last, it is fair to assume that there will be an actual deficit this year of a million and a half of dollars. That is taking the statement as it is there. But in the expenditure of 1876-7 there is an item of \$343,591.68 car-

ried to suspense account, on account of renewals of Intercolonial railway. Both Mr. Mackenzie and Mr. Cartwright have contended, and properly so, that these renewals should be charged against revenue. In that case, the expenditure for 1876-7 should be \$23,862,892.

But it is in the cost of collecting the revenue, and of superannuations and pensions, that we have the most remarkable evidences of how miserably the Grit-Rouge Administration have carried out their promises of retrenchment. Here are some figures on this point. In the cost of collecting the customs revenue we have the following startling figures:—

	<i>Revenue Collected.</i>	<i>Cost of Collecting.</i>
1872-3.....	\$13,053,900	\$568,000
1873-4.....	14,410,600	658,300
1874-5.....	15,387,000	682,700
1875-6.....	12,841,300	721,000
1876-7.....	12,556,800	721,600

The cost of collecting each \$100 of Customs revenue has therefore been as follows:—

1872-3.....	\$4 35
1873-4.....	4 56
1874-5.....	4 44
1875-6.....	5 61
1876-7.....	5 75

A noteworthy feature in this Customs record is the astounding increase in the salaries, &c., at the port of Montreal:—

	<i>Revenue Collected.</i>	<i>Cost of Collecting.</i>
1872-3.....	\$5,017,200	\$ 87,700
1873-4.....	5,639,000	95,800
1874-5.....	5,866,700	99,800
1875-6.....	4,296,300	117,300
1876-7.....	3,869,700	118,000

In Montreal it is well-known that this large increase in the cost of collecting a greatly reduced revenue at the port, arose from the fact that positions in the customs were the common form of bribery, used by the ministerial candidates, during the severe election contests which have taken place in that city. In the cost of collecting the Excise revenue we have the following figures:—

	<i>Revenue Collected.</i>	<i>Costs of Collecting.</i>
1872-3.....	\$4,527,000	\$171,700
1873-4.....	5,651,500	201,200
1874-5.....	5,141,300	199,300
1875-6.....	5,597,000	218,300
1877-7.....	4,974,000	211,000

The cost of collecting each \$100 of Excise revenue has therefore been as follows:—

1872-3.....	\$3.90
1873-4.....	3.55
1874-5.....	3.87
1875-6.....	3.89
1877-7.....	4.24

It is well known that in former years the Grits and the Rouges were strongly opposed both to the pension and the superannuation system, especially to the former. Yet, here are some figures which will serve to show how they have carried out their principles in office. The figures of Pensions are as follows:—

1872-3.....	\$ 49,200
1873-4.....	56,400
1874-5.....	63,700
1875-6.....	110,200
1876-7.....	112,500

Of the Superannuation Fund as follows

1872-3.....	\$ 53,000
1873-4.....	64,400
1874-5.....	77,300
1875-6.....	101,600
1876-7.....	104,800

In the matter of the cost of Administration of Justice we have the following figures. It is proper to say that the establishment of the Supreme Court is responsible for a portion of this increase. But Mr. Blake in his elaborate statement in Parliament last session fixed the cost of that Court at \$50,000:—

1872-3.....	\$399,000
1873-4.....	459,000
1874-5.....	497,400
1875-6.....	544,000
1876-7.....	565,600

The cost of management of the principal canals, railways and telegraphs was as follows:—

1872-3	\$1,408,295
1873-4	2,265,333
1874-5	2,006,941
1875-6	1,920,786
1876-7	2,260,485

In the cost of management for 1873-4, however, there is an item of \$545,000 on account of Intercolonial Railway, which was improperly charged to revenue instead of capital account. All similar expenditures since have been charged to capital, and in the debates which occurred in Parliament it was admitted that this item should have been so charged. Deducting this, the figures for 1873-4 should be \$1,720,333, instead of \$2,265,333.

Taking all the charges together, and giving the Grit-Rouge Government the benefit of all they claim concerning the year 1873-4, the estimates for which were prepared by Mr. Tilley, but during eight months of which Mr. Mackenzie was in office, and in a position to make any economies he thought possible, we find the following as the general result:—

	1873-4.	1876-7.
Civil Government.	\$ 883,700	\$ 812,200
Immigration.....	318,660	210,000
Customs Salaries...	658,300	721,600
Excise Salaries...	201,200	211,000
Administration of Justice.....	459,000	565,600
Pensions	56,400	112,500
Superannuation Fund.....	64,400	104,800
Public Works.....	1,720,333	2,260,500
	<u>\$4,361,900</u>	<u>\$4,998,200</u>

Thus showing an increase of \$635,000 in controllable expenditure, under this Grit-Rouge Government, from which the people were led to believe there would be the most important reductions in the public expenditure in all departments. Taking, however, the last complete year of the late Government, and the last year of the present, we have the following result:—

Civil Government.	\$750,900	\$812,200
Immigration	277,400	210,000
Customs salaries..	568,000	721,600
Excise salaries....	171,700	211,000

Administration of Justice.....	399,000	565,600
Pensions.....	49,200	112,500
Superannuation fund.....	53,000	104,800
Public Works.....	1,408,000	2,260,500
	<u>\$3,677,500</u>	<u>\$4,998,200</u>

Or an increase of \$1,320,000 over the expenditure which Mr. Mackenzie was in the habit of calling excessive, when he was in opposition. So much for the ordinary expenditure or as it is called the expenditure changeable to consolidated fund.

But as an answer to this, the electors will be told that the expenditure under the former Government, between 1867 and 1873, increased in a much greater ratio. If this were true, in the sense in which it is presented as an answer to the charge of extravagance, and of violation of their promises brought against the Mackenzie Government, it would in fact be no answer. The late Government has been out of office for a Parliament, and it is with the present Government that the electors have now to do. But without admitting that there is any force in that kind of argument, let us look at the facts. Here is the state of the expenditure account as taken from the public accounts:—

1867-8.....	\$13,486,000
1868-9.....	14,038,000
1869-70.....	14,345,500
1870-1.....	15,623,000
1871-2.....	17,589,500
1872-3.....	19,174,600

For the year 1873-4, the estimates were brought down by Mr. Tilley, although two-thirds of the expenditure was made by Mr. Mackenzie's Government. Mr. Tilley's estimates of the expenditure for 1873-4, i.e., the amount the old Government proposed to spend, was \$22,483,000, made up as follows:

First Estimates.....	\$20,941,000
Supplementary do.....	1,542,000
	<u>\$22,483,000</u>

The supplementary estimates were due to the assumption of the Provincial debts,

amounting to nearly fourteen millions of dollars, by the Dominion Government; and were, therefore, simply a transfer of liability from the Provinces to the Dominion, and to the charges incident to the entrance of Prince Edward Island into the Dominion. It is sufficient to account for the increase, that during that time the Northwest Territories, British Columbia and Prince Edward Island were added to the Dominion. That these expenditures were wisely made, we have the most undoubted testimony, that of Mr. Cartwright himself. In the prospectus of one of his numerous loans, issued in London, dated 19th October, 1875, referring to the increased expenditure of Canada, he said:—

The revenue has shown a continuous surplus during each year since Confederation, in 1867, although it has in the interval been charged with much heavy expenditure of an exceptional kind, such as the outlay connected with the several Fenian attacks on the country the acquisition and organization of new territory, and providing an adequate defensive force for the Dominion. * * * The eight years since Confederation, therefore, exhibited an aggregate surplus of two millions four hundred and forty-three thousand one hundred and eleven pounds (equal to eleven millions eight hundred and eighty-nine thousand eight hundred and eight dollars, and not including the sinking fund) which has been partially applied in the redemption of debt, and partially expended in new works. The annual payment for sinking fund is included in the current expenditure, and forms in the aggregate a further sum of seven hundred thousand pounds (or three millions four hundred and six thousand six hundred and sixty-eight dollars) since Confederation."

And if that were not enough, we have the fact that without the addition of any new territory to the Dominion, the amount asked for by Mr. Cartwright for the current year's expenditure, chargeable to consolidated revenue, exceeds the amount asked for by Mr. Tilley the last year he was in office, by no less than \$1,760,000! It is worth while, however, to remember that while the late Government were liberal in their expenditures, as was required in bringing into operation the new system, erecting public buildings, and making public improvements in the different Provinces, they never exceeded their income, but on the contrary were always largely within it. Here is the revenue and expenditure account

during the first years of confederation:—

	<i>Expenditure.</i>	<i>Revenue.</i>	<i>Surpluses.</i>
1867-8.....	\$13,486,000	\$13,687,900	\$201,900
1868-9....	14,038,000	14,379,000	341,000
1869-70....	14,345,500	15,512,000	1,166,500
1870-1.....	15,623,000	19,335,600	3,712,600
1871-2.....	17,589,500	20,714,800	3,125,300
1872-3.....	19,174,600	20,813,500	1,638,900
	\$94,256,600	\$104,442,800	\$10,186,200

So that if, in consequence of the expansion of the Dominion, and the outlay caused by it, the expenditure increased \$6,000,000 in the six years, the revenue increased so much more as to leave an aggregate surplus of over ten millions, which, added to capital, went in reduction of the public debt. It was not long that, under the malign influence of the present Government, this condition of things was changed, as will be seen by the following general statement:—

(1.) Annual surpluses 1867-8 to 1872-3.....	\$10,186,200
(2.) Surplus, 1873-4.....	\$889,000
1874-5.....	935,700
	\$1,824,700
(3.) Deficit, 1875-6.....	\$1,900,800
1876-7.....	1,460,900
Probable do 1877-8.....	1,500,000
	\$4,860,800

And this is a result in spite of the fact that while under the former government, tea and coffee, and other articles were made free, when imported from England or from the countries of production, and thus the people relieved of over two millions annual tax, the deficits under Mr. Cartwright's regime have occurred, notwithstanding that he had added three millions of dollars a year additional burdens upon the country. But for that increase in taxation, the deficit under the present Government would have been in the aggregate nearly seventeen millions of dollars!

An attempt has been made to show that the large increase of expenditure has been the results of works undertaken, or obligations incurred by the late Government. That cannot apply to expenditures chargeable to consolidated fund, with which we have been dealing. It cannot apply to the canal enlargement, because that was a work which the late Government were condemned by the

Grits for not pressing forward with more vigor. It can only apply to the Pacific Railway; and in a subsequent paper, devoted specially to this subject, it will be shown that in relation to it there can be no ground for attack upon the late Government, as affecting the remarkable increase of expenditure under this one.

The increase in the public debt has been very marked. Mr. Cartwright has been three times in England for loans during the four years and a half he has been in office, and the following is the result on the public debt:

1872-3.....	\$129,743,400
1873-4.....	141,163,500
1874-5.....	151,663,400
1875-6.....	161,205,000
1876-7.....	174,675,800

Total increase in debt since 1872-3, \$44,932,400.

The increase in the interest on the debt has been as follows:—

Interest in 1872-3.....	\$5,549,400
Interest in 1873-4.....	6,122,800
Interest in 1874-5.....	6,340,000
Interest in 1875-6.....	6,752,200
Interest in 1876-7.....	7,132,400

Total increase in the interest on the debt since 1872-3, \$1,583,000.

Deducting what are known as the "assets," Mr. Cartwright brings out the debt table as follows:—

1867	\$ 75,729,000
1868	75,757,000
1869	75,859,300
1870	78,209,700
1871	77,706,500
1872	82,187,000
1873	99,848,500
1874	108,325,000
1875	116,008,400
1876	124,551,600
1877	133,000,000

That is, the net debt of the Dominion increased during the first six years of Confederation under the late Government, \$24,000,000; and during the four years of Mr. Mackenzie's reign it increased \$33,000,000; and this in spite of the fact that the burdens of the people have been increased by Mr. Cartwright to the tune of three millions of dollars annually. That the increase under the former Administration was a legitimate and proper one, is shown by Mr. Cartwright's London circular, to which reference has been already made. He says in relation to it:

"The whole of the debt has been incurred for legitimate objects of public utility."

The indirect advantage from these public works has already been found in the remarkable rapidity with which the commerce and material prosperity of the Dominion have been developed; while a substantial increase in the direct returns may fairly be expected from the improvements now in progress and to follow the steady progress of population and trade."

The result of five years of Grit Rouge rule therefore has been, that while we were promised economy in the public expenditure, we have had extravagance; while we were promised "a career of material prosperity and material progress," we have had hard times in every department of business, increased taxation and annual deficits; and while the increase of debt under the old government was denounced, we have had the debt increased, notwithstanding our higher taxes, at a ratio double that of the increase during the former administration. These are facts for the electors to consider, and considering them, to act upon them by such a rebuke to the men who obtained office by deceiving them, as will teach such pretenders a salutary lesson for the future.

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
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